



**MEETING OF THE RETIREMENT BOARD
OF THE COUNTY EMPLOYEES' AND OFFICERS' ANNUITY AND BENEFIT FUND
OF COOK COUNTY AND EX OFFICIO FOR THE FOREST PRESERVE DISTRICT
EMPLOYEES' ANNUITY AND BENEFIT FUND OF COOK COUNTY**
33 N Dearborn St, Suite 1000
Chicago, IL 60602

Amended Minutes for the November 6, 2014 Meeting of the Board

The County Employees' and Officers' Annuity and Benefit Fund of Cook County and the Forest Preserve District Employees' Annuity and Benefit Fund of Cook County are herein collectively referred to as the "Fund."

Call to Order and Roll Call

Trustees Present: Alexis Herrera, Diahann Goode, Brent Lewandowski, Robert Janura, Patrick McFadden, Patrick Nester, Samuel Richardson, Jr. and Lawrence Wilson

Staff Present: Nickol R. Hackett, Executive Director & CIO; Michael Maratea, Director of Finance; Paul Rzeszutko, Director of Annuity Benefits; Gary LeDonne, Senior Benefit Advisor; Margaret Fahrenbach, Legal Adviser; Beverly Romanini, Office Manager

Others Present: Mary Pat Burns, Burke Burns & Pinelli, LTD; Eric Harris, Loop Capital; Abin Kuriakose, Commissioner Gainer's Office; Theron Picketts, Topeka Capital; Linas Kelecius, Annuitant and Private Attorney; Cynthia Dillard, Retiree; Mia Cole Nelson, Teamster Union; Rick Baert, Pensions & Investments

Public Comment

Trustee Herrera opened the meeting for public comment, no one having requested to do so, the Board considered the next item of business on the Agenda.

1. Review and Consideration of:

a. October 2, 2014 Board Meeting Minutes.

It was moved by Trustee Richardson and seconded by Trustee McFadden that the minutes of the October 2, 2014, Board Meeting be adopted.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

b. Bills, Payroll Records, Annuities, Spouse and Child Annuities, Ordinary and Duty Disabilities, and Refunds.

The Fund's monthly bills and payroll records were presented for the Board's approval.

It was then moved by Trustee Goode and seconded by Trustee Janura that the action taken by the Fund's staff in remitting payments for the presented bills and payroll records be approved.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

c. Annuities, Spouse and Child Annuities and Refunds

The Fund's staff presented their recommendations to the Board regarding the applications for annuities, spouse and child annuities and refunds and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was then moved by Trustee McFadden and seconded by Trustee Richardson, after due consideration of the applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented annuities and refunds be approved.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Wilson

NAYS: None

Vote Result: MOTION ADOPTED

d. Ordinary and Duty Disabilities

The Fund's staff presented their recommendations to the Board regarding the applications for ordinary and duty disability benefits and confirmed that they followed the Fund's procedures in reviewing and processing the applications in making their recommendations.

It was moved by Trustee McFadden and seconded by Trustee Lewandowski, after due consideration of the disability applications presented to the Board and having received confirmation from the staff that they followed the Fund's procedures in reviewing and processing the applications, that the recommendations for the presented disability applications be approved.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson,

Wilson

NAYS: None

Vote Result: MOTION ADOPTED

2. Election Report

a. Report of Independent Election Administrator

Nickol R. Hackett, Executive Director, presented the Final Report of the Independent Election Administrator about the results of the election that was held on October 29, 2014, for a Cook County Employee Member Trustee. The IEA report reflected that two individuals filed nominating petitions for the position and were placed on the ballot. The election was conducted according to the rules adopted by the Board. After the ballots were processed, the IEA determined that Mr. Brent Lewandowski received a majority of the votes cast. The deadline for contesting the results of the election was November 4, 2014, and no petition to contest the results was filed. The IEA requested that the Board declare Mr. Brent Lewandowski the winner of the election. Ms. Hackett further stated that in 2015, three trustee positions will be open and that an election will be conducted to fill the positions for a County Employee Member Trustee, a County Annuitant Member Trustee and a Forest Preserve District Employee Member Trustee.

It was moved by Trustee Janura and seconded by Trustee Richardson that the Final Report of the Independent Election Administrator dated October 31, 2014, be accepted as a true and accurate report of the results of the election held on October 29, 2014, and consistent therewith, that Brent Lewandowski was elected as the Cook County Employee Member Trustee.

b. Proclamation and Declaration of the Winner of the Cook County Employee Member Election held on October 29, 2014

The trustees then considered the “Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election Held on October 29, 2014”, as presented with the IEA’s election report and in which Mr. Brent Lewandowski was declared the winner.

It was moved by Trustee Janura and seconded by Trustee Richardson that the Proclamation of Election and Declaration of the Winner of the Cook County Employee Member Election Held on October 29, 2014, be accepted and, consistent therewith, that Brent Lewandowski be declared the winner of that election and that he be administered and execute the Oath of Office. It is further moved that the Fund’s staff take all action necessary to file a copy of the executed Oath of Office with the Cook County Clerk as required by Section 9-186 of the Illinois Pension Code.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

3. Benefit Matters

a. Spouse Annuity Application – Lepolean Redmond

Mr. Paul Rzeszutko, Director of Benefits, then reported on the status of the review undertaken by the Fund staff concerning the application for a spouse annuity filed by Mr. Lepolean Redmond, following the death of Ms. Barbara Rhames. Mr. Rzeszutko reported that the death certificate the Fund received in 2001, provided that Ms. Rhames was never married and that the Fund had paid out child annuity and death benefits accordingly. In 2014, the Fund was contacted by Mr. Redmond who claimed that he had been married to Ms. Rhames. He then filed an application for a spouse annuity and he submitted a marriage certificate showing that he and Ms. Rhames were married in 1997. He also produced a corrected death certificate for Ms. Rhames which showed that she had been married to Mr. Redmond at the time of her death. The Fund received confirmation from the County Clerk's office that the documents were true and certified copies and match their records. Mr. Rzeszutko also reported that the Fund's independent investigation of divorce records and Social Security Administration records did not show that Ms. Rhames and Mr. Redmond had been divorced.

The trustees also considered that if Mr. Redmond were eligible for spouse annuity benefits, whether the benefits should be paid as of the date of Ms. Rhames death or upon Ms. Redmond's application thirteen years later. The Fund's counsel, Mary Pat Burns, reported that under Sections 9-118 and 9-137 of the Pension Code, relevant case law and the Fund's regular practice, that the annuity should begin one month after Ms. Rhames' date of death.

After careful review of Mr. Redmond's application for a spouse annuity, including the supporting documentation submitted, and consideration of the applicable provisions of the Pension Code, it was moved by Trustee McFadden and seconded by Trustee Goode that the Board find that Mr. Redmond is eligible for spouse annuity benefits pursuant to Section 9-146.1 of the Pension Code and that the approved benefit should commence as of August 1, 2001.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Wilson
NAYS: None

Vote Result: **MOTION ADOPTED**

b. Spouse Annuity Application – Elizabeth Hudson

Mr. Rzeszutko next reported on the status of the application for a spouse annuity filed by Ms. Elizabeth Hudson which had been deferred from consideration at the Board's meeting on October 2, 2014. Trustee Herrera recused herself from all discussion and deliberation about the spouse annuity application Ms. Hudson filed. Ms. Hudson's spouse died in September,

2014, and she filed an application for a spouse annuity based upon his County service. Ms. Hudson had also been a County employee and had received annuity benefits based upon her service record. In 2010, she was convicted of a felony and the Board determined that the facts giving rise to her conviction were related to her service as a County employee. The Board then revoked Ms. Hudson's annuity benefits pursuant to Section 9-235 of the Pension Code. The Board needed to determine whether Section 9-235 also precluded Ms. Hudson from receiving a spouse annuity based upon her husband's service record.

Upon review of a similar case involving the Municipal Employees' Annuity & Benefit Fund of Chicago ("MEABF"), the Illinois Appellate Court decided that applicant's forfeiture of annuity benefits due to a felony conviction did not extend to her eligibility for benefits based upon her spouse's service record. (*Cirignani v. MEABF*, 317 Ill. App.3d 732 (1st Dist. 2000)) The Board weighed the costs of denying the application for benefits with the likely result that such a determination would be reversed on appeal because of the decision in *Cirignani*.

It was moved by Trustee McFadden and seconded by Trustee Richardson that the Board find that Ms. Elizabeth Hudson is eligible for the spouse annuity benefits in accordance with case law.

Roll Call Vote:

AYES: Goode, Janura, Lewandowski, McFadden, Nester, Richardson, Wilson
RECUSED: Herrera
NAYS: None

Vote Result: MOTION ADOPTED

c. Section 9-159(b)

i. Lawrence Jackson

Ms. Margaret Fahrenbach, Legal Adviser, then reported for the Board the need to discuss a matter that was in litigation. It was then moved by Trustee Lewandowski and seconded by Trustee Richardson that the Board convene an Executive Session pursuant to Section 2(c)(11) of the Open Meetings Act to discuss matters relating to litigation.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

It was moved by Trustee Richardson and seconded by Trustee McFadden that the Board adjourn the Executive Session and reconvene the open session.

Vote Result: MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE

ii. Walter Peppers

Ms. Fahrenbach and Mr. Gary LeDonne, Senior Benefit Advisor then reported that the Fund had denied an application for ordinary disability benefits filed by Mr. Walter Peppers based upon Section 9-159(b) because he had been receiving disability benefits from the State University Retirement System (“SURS”) for the same period during which he had requested disability benefits from the Fund. Mr. Peppers had requested an administrative hearing. Mr. LeDonne stated that the Fund had attempted to resolve the matter with Mr. Peppers without success, but that it could continue those efforts.

It was moved by Trustee McFadden and seconded by Trustee Goode that the Board appoint Mr. Patrick T. Driscoll, Jr. as the hearing officer for the administrative hearing requested by Mr. Peppers to determine whether, under Section 9-159(b), he is eligible for disability benefits from the Fund for the same period of disability during which he received disability benefits from SURS.

Vote Result: **MOTION ADOPTED UNANIMOUSLY BY VOICE VOTE**

4. Investment Matters

a. Consideration of October 30, 2014 Investment Committee Recommendations

The Executive Director then presented the recommendations made by the Investment Committee at their meeting on October 30, 2014. She reported that the Fund’s Investment Consultant, Callan Associates, had reviewed the core real estate rebalancing strategy and had outlined specific implementation steps for the Board to consider.

It was moved by Trustee Lewandowski and seconded by Trustee McFadden that the Board adopt the recommendations made by the Investment Committee at their meeting on October 30, 2014, to increase the County Fund’s total PRISA SA allocation by \$127 million, to amend PRISA SA’s mandate to include a Forest Preserve Fund allocation of \$5.5 million and to increase the County Fund’s total J.P. Morgan Strategic Property Fund allocation by \$127 million, the funding of which shall be made as presented. It was further moved that the Fund’s staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and delivery of related written agreements on behalf of the County Fund and the Forest Preserve Fund by the Executive Director.

It was moved by Trustee Lewandowski and seconded by Trustee McFadden that the Board adopt the recommendations made by the Investment Committee at their meeting on October 30, 2014, to redeem both the County Fund and the Forest Preserve Fund’s core real estate investments in TIAA-CREF Asset Management Core Property Fund LP (\$82.7 million) and in American Core Realty Fund (\$77.3 million) through phased redemptions, which shall then be reallocated as presented. It was further moved that the Fund’s staff be authorized to take all action reasonably necessary to effectuate the foregoing including the execution and

delivery of related written agreements on behalf of the County Fund and the Forest Preserve Fund by the Executive Director.

Roll Call Vote:

AYES: Goode, Herrera, Janura, Lewandowski, McFadden, Nester, Richardson, Wilson
NAYS: None

Vote Result: MOTION ADOPTED

b. Education Approval

The Executive Director presented a request by Fund staff to attend a private equity and venture capital conference conducted by the Venture Capital Institute. It was moved by Trustee McFadden and seconded by Trustee Richardson that expenses, including any related travel expenses incurred by Fund staff in attending the 40th Venture Capital Institute in Atlanta, Georgia on December 1-4, 2014, at a projected cost of \$3,500 per attendee be approved provided that any reimbursement be in and for amounts consistent with the Fund's Travel Reimbursement Policy.

Roll Call Vote:

AYES: Fitzgerald, Goode, Herrera, Janura, Lewandowski, Nester, Richardson, Wilson
ABSTANE: McFadden
NAYS: None

Vote Result: MOTION ADOPTED

5. Old Business/New Business

Mr. Rzeszutko then reported on the status of the County's new payroll system. He stated that the problems the Fund had been experiencing in the reports received from the County had been substantially resolved and that the Fund was able to process annuity and benefit applications. Mr. Rzeszutko reported that the last three payrolls received from the County were both timely and accurate. He noted an increase in the number of annuity applications filed in November as compared to earlier years. Mr. Rzeszutko also stated that the County's new payroll system would address the issues under Section 1-117 of the Pension Code so that the Fund would not receive contributions in excess of the amounts allowed by that section.

6. Adjournment

There being no further business before the Board, it was moved by Trustee Janura and seconded by Trustee Richardson that the trustees adjourn the meeting.

The next Board meeting is scheduled for December 4, 2014, at 9:30 a.m.